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Mexico

Grain and Feed Update

July Update for Corn, Sorghum, and Wheat

Approved By:
Carlos Gonzalez
Prepared By:
Benjamin Juarez and
Adam Branson

Report Highlights:
The Post/New marketing year (MY) 2010/11 (October/September) estimates of corn and sorghum production are reduced from USDA/Official estimates due to new information from Government of Mexico (GOM) and industry sources. MY2011/12 corn and sorghum forecasts remain unchanged from USDA/Official forecasts. MY2011/12 (July/June) wheat production is forecast lower than the USDA/Official forecast based on lower planted area in the 2011 spring/summer planting cycle as unfavorably dry conditions during planting encouraged producers to switch to alternate crops.

Post:
Mexico City

Commodities:
Corn

Sorghum

Wheat

Wheat, Durum

Executive Summary:

Corn

Production

The Post/New total corn production volume estimate for MY2010/11 (October/September) has been revised downward from the USDA/Official estimate. The Post/New estimate is based on information from private and official sources. Sources indicated that the preliminary final production result for the 2010 spring/summer crop cycle was lower than anticipated due to poor weather conditions and that, although production dropped as compared to the previous year, the production obtained from areas replanted in Sinaloa after the February 2011 freeze was greater than anticipated as yield estimates were higher than earlier indications.

The Secretariat of Agriculture, Livestock, Rural Development, Fishery, and Food (SAGARPA) released its preliminary final production results for the 2010 spring/summer crop cycle and the results were lower than anticipated. However, industry contacts indicate that although bad, the preliminary estimates are overly pessimistic about production and contacts anticipate that the final production estimate could increase. Sources had anticipated that Sinaloa fall/winter 2010/11 production would reach no more than 1.6 or 1.7 million metric tons (MMT) due to several adverse factors, such as heat stress, pest infestations, and use of seed varieties not suitable to the area. However, crop damage due to these factors is considered less than initially forecast. Official sources stated that the damage due to pest infestations was lower than anticipated because initial samples were taken at the perimeter of cornfields and were not accurate reflections of the entire corn planted area. Private and official sources now report that Sinaloa corn production may reach 2.2 MMT. This includes area that was replanted after the February 2011 freeze and area that survived the freeze. Despite the improved outlook in Sinaloa, the lower 2010 spring/summer estimate suggests that production is lower than the Post/Old and USDA/Official estimate.

Consumption

The Post/New total corn consumption estimate for feed and residual use for MY2010/11 is identical to USDA/Official data. The estimate has been reduced, however, in comparison with the Post/Old estimate based on new information from private sources. These sources stated that feed consumption is expected to shift from corn to sorghum and DDGS due to lower-than-previously estimated domestic corn production and higher prices.

Trade

In comparison with the USDA/Official estimate, the Post/New import estimate for MY2010/11 has been decreased to 8.3 MMT because of new industry information and trade data. Industry sources indicated that the pace of the corn imports in the first eight months of this marketing year has been lower than expected due to unattractive international prices. Moreover, it is expected that the trend will continue over the rest of the marketing year, as the reduction in the domestic production for the 2010/11 fall/winter cycle will be lower-than-previously estimated (see Corn Production section).

Stocks
In comparison with the USDA/Official estimate, the Post/New ending stock estimate for MY2010/11 is slightly higher at 1.5 MMT. This figure is identical to the Post/Old estimate. The difference is due to the Post carryover estimate for the previous year (MY2009/10), which is also higher than the USDA/Official estimate.

Sorghum
Production
The Post/New sorghum production estimate for MY2010/11 (October/September) has been revised downward to 6.34 MMT from the USDA/Official estimate based on updated official data from SAGARPA. Official sources stated that drought-like conditions during critical phases of the sorghum crop development in Tamaulipas (which accounts for approximately 80 percent of the fall/winter cycle) resulted in irreversible yield losses. The production estimates for MY2009/10 and MY2011/12 remain unchanged.

Trade
The Post/New import estimate for MY2010/11 has been lowered so that it is identical to the USDA/Official estimate. This is based on information from industry sources and analysis of the rate of imports entering the country from the United States.

Stocks
Ending stocks for MY2010/11 have been revised downward to 123,000 MT due to lower-than-previously estimated domestic production for this year. This is reflected in the downward adjustment to MY2011/12 carryover as well.

Wheat
Production
The Post/New MY2011/12 (July/June) wheat harvested area and production forecasts have been revised downward from USDA/Official forecasts based on updated information from official GOM sources. Due to unfavorably dry weather conditions, farmers in the states of Puebla, Tlaxcala, and Hidalgo were unable to successfully plant their crop because of a lack of rain during the 2011 spring/summer crop cycle. Instead, sources indicate these farmers planted short cycle alternative forage crops.

Trade
The Post/New wheat export estimate for MY2010/11 has been revised slightly upward from USDA/Official estimate to 625,000 MT based on preliminary official data covering the first 10 months of the marketing year from SAGARPA and the General Customs Directorate of the Finance Secretariat (SHCP). The Post/New total wheat import forecast for MY2011/12 has been revised upward from USDA/Official data to 3.6 MMT due to lower-than-previously estimated domestic wheat production.

Stocks
The Post/New MY2010/11 ending stocks estimate has been reduced from the USDA/Official estimate to 384,000 MT due to higher-than-previously estimated exports. This is reflected in the downward adjustment to MY2011/12 carry over as well.

Production, Supply and Demand Data Statistics:

Table 1. Mexico: Corn Production, Supply and Demand for MY 2009/10 to 2011/12

Corn Mexico	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6,280	6,280	7,000	7,000	7,050	7,050
Beginning Stocks	3,559	3,559	1,389	1,409	1,489	1,509
Production	20,374	20,374	20,900	20,600	24,000	24,000
MY Imports	8,298	8,108	8,000	8,300	9,200	9,200
TY Imports	8,298	8,108	8,000	8,300	9,200	9,200
TY Imp. from U.S.	8,254	8,108	0	8,300	0	9,200
Total Supply	32,231	32,041	30,289	30,309	34,689	34,709
MY Exports	642	632	100	100	100	100
TY Exports	642	632	100	100	100	100
Feed and Residual	14,200	14,000	13,100	13,100	15,800	15,800
FSI Consumption	16,000	16,000	15,600	15,600	16,300	16,300
Total Consumption	30,200	30,000	28,700	28,700	32,100	32,100
Ending Stocks	1,389	1,409	1,489	1,509	2,489	2,509
Total Distribution	32,231	32,041	30,289	30,309	34,689	34,709
1000 HA, 1000 MT, MT/HA						

Table 2. Mexico: Sorghum Production, Supply and Demand for MY 2009/10 to 2011/12

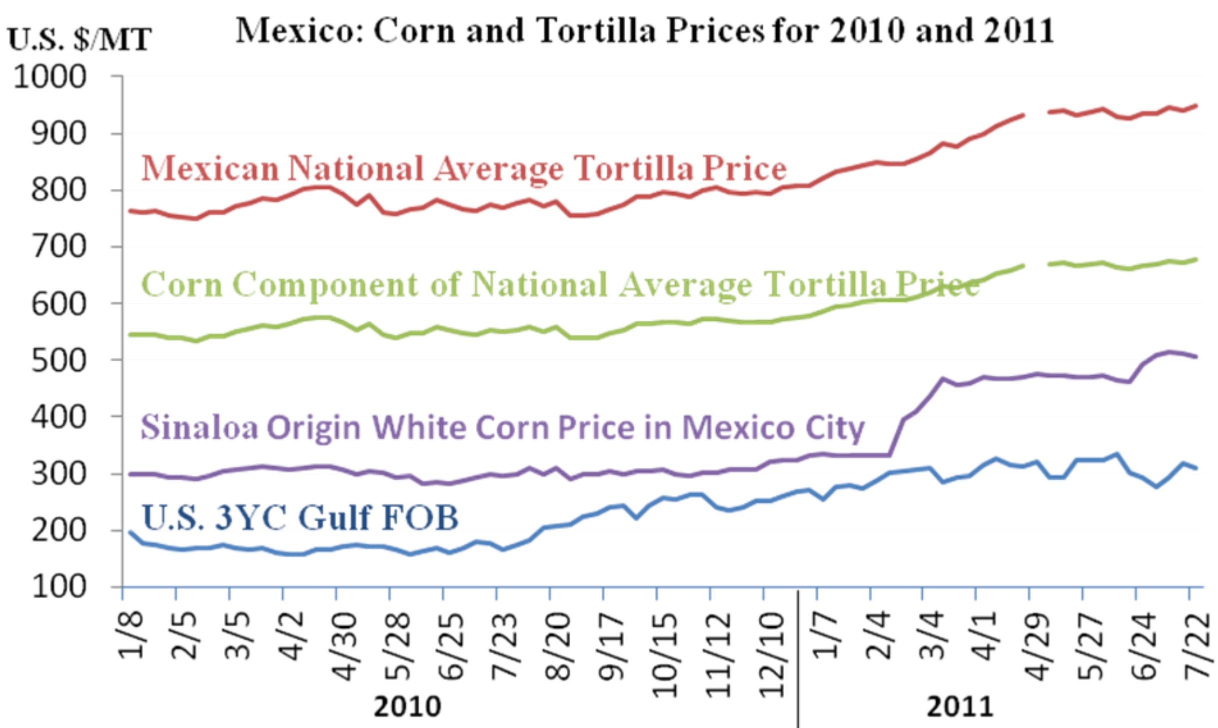
Sorghum Mexico	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,616	1,616	1,722	1,700	1,750	1,750
Beginning Stocks	1,336	1,336	414	337	214	123
Production	6,250	6,250	6,600	6,340	6,800	6,800
MY Imports	2,528	2,451	2,200	2,200	2,300	2,300
TY Imports	2,528	2,451	2,200	2,200	2,300	2,300
TY Imp. from U.S.	2,528	2,451	0	2,200	0	2,300
Total Supply	10,114	10,037	9,214	8,877	9,314	9,223
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	9,600	9,600	8,900	8,900	8,900	8,900
FSI Consumption	100	100	100	100	100	100
Total Consumption	9,700	9,700	9,000	9,000	9,000	9,000
Ending Stocks	414	337	214	123	314	223
Total Distribution	10,114	10,037	9,214	9,123	9,314	9,223
1000 HA, 1000 MT, MT/HA						

Table 3. Mexico: Wheat Production, Supply and Demand for MY 2009/10 to 2011/12

Wheat Mexico	2009/2010	2010/2011	2011/2012

	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	828	828	681	681	720	680
Beginning Stocks	315	315	520	555	399	384
Production	4,148	4,148	3,679	3,679	3,750	3,650
MY Imports	3,196	3,231	3,400	3,400	3,500	3,600
TY Imports	3,196	3,231	3,400	3,400	3,500	3,600
TY Imp. from U.S.	2,152	2,242	0	2,900	0	3,000
Total Supply	7,659	7,694	7,599	7,634	7,649	7,634
MY Exports	839	839	600	625	700	700
TY Exports	839	839	600	625	700	700
Feed and Residual	500	500	600	625	250	250
FSI Consumption	5,800	5,800	6,000	6,000	6,200	6,200
Total Consumption	6,300	6,300	6,600	6,625	6,450	6,450
Ending Stocks	520	555	399	384	499	484
Total Distribution	7,659	7,694	7,599	7,634	7,649	7,634
1000 HA, 1000 MT, MT/HA						

Figure 1. Mexico: Mexican Corn and Tortilla Prices Trend Higher, but U.S. Corn Prices Stabilizing



Source: Tortilla and White Corn Prices from Economia-SNIIM; U.S. Corn Prices from International Grains Council; Exchange Rates from Bank of Mexico

Author Defined:
For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work http://www.youtube.com/user/ATOMexicoCity

Report Number	Subject	Date Submitted
MX1048	Grain and Feed June Update	6/20/2011
MX1043	Grain and Feed May Update -- Sorghum Situation	5/25/2011
MX1033	Grain and Feed April Update	4/29/2011
MX1017	2011 Grain and Feed Annual	3/14/2011
MX1012	Hard Freeze Damages Sinaloa Corn and Produce	2/11/2011
MX1006	January Update for Corn and Rice	1/28/2011

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx , equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.